

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
MARCH 20, 2017**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, March 20, 2017.

The meeting was called to order by Chairman Rick Stradtner.

MOMENT OF SILENCE FOR LISA GEHLHAUSEN (DVD-00:13)

Chairman Stradtner informed the Board that on March 4, 2017 Lisa Gehlhausen, Billing Clerk for the Utility Business Office, passed away. Stradtner extended condolences to Lisa's family on behalf of himself and the Board and asked everyone to observe a moment of silence for Lisa.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Rick Stradtner – Chairman
Keith Masterson – Vice Chairman
Adam Auffart – Secretary
Roger Seng – Water Commissioner
Alex Emmons – Wastewater Commissioner
Michael Kern – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Tim Doersam – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger- General Manager
Renee Kabrick – City Attorney
Ashley Kiefer – Office Manager

ABSENT:

Wayne Schuetter – Electric Commissioner

PLEDGE OF ALLEGIANCE (DVD-01:29)

Chairman Rick Stradtner led the Pledge of Allegiance.

VISITING STUDENTS (DVD-01:58)

Stradtner welcomed two students from Forest Park High School.

ELECTRIC DEPARTMENT - QUOTE OPENING: SCADA SYSTEM (DVD-02:26)

Bud Hauersperger opened the quotes and read them as follows:

- | | |
|---|--------------|
| 1. OSI (Open Systems International, Inc.)
Medina, MN | \$110,791.00 |
| 2. Survalent
Buffalo, NY | \$ 93,500.00 |
| 3. QEI
Springfield, NJ | \$ 89,666.00 |

All quotes included a Non-Collusion Affidavit, an Indiana Legal Employment Declaration, a Nepotism Policy Affirmation, and an Affidavit Regarding Non-responsibility.

Stradtner stated that \$105,000 was included in the 2017 Capital Expenditure Plan for the Scada System. Jerry Schitter informed the Board that our current Scada system is with QEI. Last fall, QEI informed him that they could no longer support the system, after paying the yearly service agreement fee. Schitter stated that he is hesitant to work with them again due to this situation. Jerry Schitter asked for the Board's permission to review the quotes and report back to the Board at next month's meeting.

Michael Kern made a motion to give Schitter permission to take the low quote from QEI for \$89,666 for the Scada system under advisement, pending specifications and legal review. Alex Emmons seconded the motion. Motion approved, 6-0.

ELECTRIC DEPARTMENT- QUOTE OPENING: HALF TON TRUCK (DVD-11:16)

Bud Hauersperger opened the quotes and read them as follows:

- | | |
|-------------------------------------|--|
| 1. Sternberg Chrysler
Jasper, IN | \$28,531.00
(-) <u>5,000.00</u> (trade-in)
\$23,531.00 |
| 2. Ruxer Ford
Jasper, IN | \$28,999.00
(-) <u>4,000.00</u> (trade-in)
\$24,999.00 |

3. Uebelhor & Sons Jasper, IN	\$29,029.00 (-) <u>7,000.00</u> (trade-in) \$22,029.00
4. Bob Luegers Jasper, IN	\$29,157.00 (-) <u>6,000.00</u> (trade-in) \$23,157.00

All quotes included a Non-Collusion Affidavit, an Indiana Legal Employment Declaration, a Nepotism Policy Affirmation, and an Affidavit Regarding Non-responsibility.

Chairman Stradtner stated that \$30,000 was included in the 2017 Capital Expenditure Plan for the half ton truck. Jerry Schitter asked for the Board's permission to purchase the half ton truck from Uebelhor & Sons, pending review of specifications.

Alex Emmons made a motion to give Schitter permission to purchase the half ton truck for the low quote of \$22,029 from Uebelhor & Sons, pending review of specifications. Keith Masterson seconded the motion. Motion approved, 6-0.

GAS DEPARTMENT – QUOTE OPENING: CREW CAB SERVICE TRUCK (DVD-15:27)

Bud Hauersperger opened the quotes and read them as follows:

1. Sternberg Chrysler Jasper, IN	\$42,075.00 (-) <u>15,000.00</u> (trade-in) \$27,075.00
2. Bob Luegers Jasper, IN	\$42,325.00 (-) <u>17,000.00</u> (trade-in) \$25,325.00
3. Uebelhor & Sons Jasper, IN	\$42,556.00 (-) <u>20,100.00</u> (trade-in) \$22,456.00

All quotes included a Non-Collusion Affidavit, an Indiana Legal Employment Declaration, a Nepotism Policy Affirmation, and an Affidavit Regarding Non-responsibility.

Tim Doersam asked for the Board's permission to purchase the crew cab service truck for the low quote of \$22,456 from Uebelhor & Sons.

Roger Seng made a motion to give Doersam permission to purchase the crew cab service truck from Uebelhor & Sons for the low quote of \$22,456, pending review of specifications. Adam Auffart seconded the motion. Motion approved, 6-0.

APPROVAL OF MINUTES: FEBRUARY 21, 2017 REGULAR MEETING (DVD-19:10)

Chairman Rick Stradtner presented the minutes of the February 21, 2017 Regular Meeting and there being no corrections or amendments, asked for a motion to approve the minutes. Michael Kern made a motion to approve the minutes of the meeting as presented. Keith Masterson seconded the motion. Motion approved, 6-0.

ELECTRIC PLANNING COMMITTEE REPORT (DVD-19:57)

Rick Stradtner, Chairman of the Utility Service Board, stated the Committee did not meet during the past month.

WATER DEPARTMENT- FILTER PLANT OPERATOR (DVD-20:09)

Tim Doersam asked for the Board's permission to start the hiring process to replace a Filter Plant Operator at the Water Filtration Plant. Ashley Seaton gave her resignation and her last day is April 14th. Doersam reminded the Board that in August of 2016, the Board approved keeping the applications active for the Filter Plant Operator for twelve months.

Alex Emmons made a motion to give Doersam permission to start the hiring process for a Filter Plant Operator. Roger Seng seconded the motion. Motion approved, 6-0.

GAS PLANNING COMMITTEE REPORT (DVD-21:38)

Michael Kern, Chairman of the Gas Planning Committee, stated the Gas Committee did meet on March 6, 2017. At the meeting the Committee discussed the request for Jasper Municipal Utilities to install gas service in the Trinity Crossings subdivision.

Kern read the minutes from the Gas Planning Committee meeting aloud:

Todd Kerstiens gave a brief recap of his request that Jasper Municipal Utilities (JMU) install gas service for free in the Trinity Crossing Subdivision. He said it would not make sense for him to pay to have JMU install gas service when he could get it for free from Huntingburg Utilities. He stated that he was made to believe that JMU would start offering to install gas service for free at some point. Kerstiens also brought an agreement that they signed with Vectren, like the escrow agreement/idea that was presented at the last Utility Service Board meeting, for Attorney Kabrick to review. He said that the City would not be out any money up front. The City could then rebate Kerstiens as the lots were sold.

Bud Hauersperger and Mayor Seitz explained how Huntingburg Utilities started offering and extending their gas service inside the City of Jasper. In the 1970's there was an oil embargo and the City's gas sales were capped and the Department of Energy said the City could not add more customers. Huntingburg did not have the cap on their gas sales, so they could expand their services into the City of Jasper. This essentially created a "boundary" between where the City of Huntingburg Gas and City of Jasper Gas were. Now, after all these years, Jasper would need to expand their gas service further than Huntingburg would have to, which results in higher costs to the City of Jasper.

The Mayor kept stressing that the City needs to service Jasper residents and that it adds more value to a lot with Jasper Utilities, than with Huntingburg Utilities. Huntingburg gas rates are approximately 20% higher than Jasper's gas rates. Kerstiens disagrees and doesn't care about the long-term payback to the customers. He is only interested in the immediate cost/payback. Kerstiens asked why Huntingburg can extend the service for free. Hauersperger stated that they may charge the cost back through their gas rates, and that is why their rates are higher.

Rick Stradtner said the Board is concerned about the risk to our ratepayers, the return on investment (ROI) the City would receive, and being consistent in our approach to all requests such as this. The approach needs be fair to all. Roger Seng said he doesn't like the fact that ratepayers will be subsidizing the developer. He stated a ROI cannot be computed with no gain. Seng also asked if we have the capacity to take on more customers. Tim Doersam stated that he needs 2 additional employees, and all this type of work would be done in-house, which would stretch his workforce further.

Michael Kern said that anything the City pays for incrementally, gets incrementally shared with the whole customer base. Even though this project is a minimal cost, and the City may see a slight savings in fixed costs, they would most likely be negated by the additional costs if the City must add additional staff to handle the increased capacity.

Mayor Seitz stated that we have an obligation to get utility service to the City's citizens where there is competition with another provider (Huntingburg Gas or Ireland Water). Attorney Kabrick was tasked with researching ways the City could charge these extension costs back to the customers in these subdivisions. Stradtner said that considerations need to be made for overhead costs to manage these types of "special arrangements". It was mentioned that it could also be a lost opportunity for economic development if the City does not offer free extensions to large commercial customers.

Kerstiens asked why the City cannot mark-up rates a little to cover development costs of extending gas service. The Mayor suggested that we research adding an Expansion rate or fund that would be built into the rate structure for future expansion. The Mayor said this discussion is critical and the Civil City and Utilities need to work together as one and not separately. Dave Hurst asked if Kerstiens would be willing to split the cost of the extension with the City.

Kerstiens said he was agreeable to discussions on this topic. Kerstiens said he needs an answer from the City by the end of April.

Roger Seng suggested Kerstiens pay to extend the gas service up front and then apply for a rebate from the City to reimburse him as the lots in the subdivision are sold. However, the rebate would not necessarily be a full rebate of gas installation charges. Seng said that the City could possibly charge each subdivision a different gas installation fee when the customer runs the service line to the home. (This fee would not be deducted off the gas installation invoice.) Bud Hauersperger suggested charging a Development Fee to the property owner when they come in to transfer the utilities to their name from the developer. Attorney Kabrick will also research this concept. What to charge and when to charge a fee like this would also need to be discussed, as well as tracking these fees administratively.

The Committee agreed to have another meeting to continue discussing this issue on Wednesday, April 5th at 8:00 AM in the Pfaffenweiler Room. Ashley Kiefer will send the meeting notice to the media and Committee members.

It was also discussed that the new Comfort Inn, which will be built near the Holiday Inn Express, requested Jasper Gas at this location. The City currently has a “loop” in gas line in this area and the service would be extended from there. Tim Doersam is to calculate an estimate for the possible cost of extension of the main, an estimate for the installation of the service line, what kind of load the Comfort Inn expected to have, and how much the annual cost of Jasper Gas would be versus Huntingburg Gas. Discussion was also had about trying to hook up other Huntingburg Gas customers in this same area.

At tonight’s Board meeting, Chairman Stradtner stated that a recommendation from the Gas Planning Committee will be made at the April 5th Committee meeting and then will be brought back for the Board to discuss at the April 17th Board meeting. Roger Seng also wanted to make the Board aware that Huntingburg Gas does charge a \$500 gas hook-up fee.

WATER PLANNING COMMITTEE REPORT (DVD-27:48)

Roger Seng, Chairman of the Water Planning Committee, stated the Water Committee did not meet during the past month.

WASTEWATER DEPARTMENT- PROPOSAL FROM DONOHUE & ASSOCIATES FOR ENGINEERING PORTION OF PHOSPHORUS REMOVAL PROJECT (DVD-27:55)

Ed Hollinden explained to the Board that he received a proposal from Donohue & Associates for the engineering portion of the Phosphorus Removal Project and an effluent flow meter investigation for a not-to-exceed \$103,800. Hollinden stated that he just received the proposal

late this afternoon and has not had time to review all the information. Hollinden also stated that the phosphorus removal is a mandated compliance project and must be completed by 2019.

Hollinden explained that the effluent flow meter investigation is new to the proposal, however feels it is a worthwhile cause since the influent and effluent flows are quite a bit different. The effluent flow is required to be reported to the State. The construction permit needs to be reported to the State by July 1st. Chairman Stradtner stated that \$100,000 is included in the 2017 Capital Expenditure Plan for the engineering portion of the Phosphorus Removal Project, therefore the proposal is more than expected. Hollinden stated that the effluent flow meter investigation is an additional cost of \$8,270, which is included in the \$103,800.

Hollinden asked for the Board's permission to approve the proposal from Donohue and Associates for the engineering portion of the Phosphorus Removal Project and the effluent flow meter investigation for a not-to-exceed \$103,800, pending staff and legal review.

Keith Masterson made a motion to approve the proposal from Donohue and Associates for the engineering portion of the Phosphorus Removal Project and the effluent flow meter investigation for a not-to-exceed \$103,800, pending staff and legal review. Roger Seng seconded the motion. Motion approved, 6-0.

WASTEWATER DEPARTMENT- ACCEPT TRANSFER OF GOLF CAR FROM THE PARK DEPT FOR THE VALUE OF THE TRADE-IN OF \$2,650 (TO PAY PARK DEPT)
(DVD-33:06)

Hollinden asked for the Board's permission to accept the transfer of a golf car from the Park Department for the value of the trade-in of \$2,650.

Adam Auffart made a motion to accept the transfer of a golf car from the Park Department to the Wastewater Department for the value of the trade-in of \$2,650. Alex Emmons seconded the motion. Motion approved, 6-0.

WASTEWATER PLANNING COMMITTEE REPORT (DVD-34:14)

Alex Emmons, Chairman of the Wastewater Planning Committee, stated the Committee did meet on February 24, 2017. At the meeting the Committee reviewed the revised results from the Wastewater rate study.

Alex Emmons read the minutes from the Wastewater Planning Committee meeting aloud:

Bud Hauersperger presented a revised Wastewater rate study from HJ Umbaugh. Hauersperger explained that at the last Wastewater Planning meeting the Committee had concerns regarding the Projected Annual Replacement Cost of Equipment schedule, and felt the figures needed to be updated. The schedule was thoroughly analyzed and updated by Hollinden and Hauersperger.

The Committee also felt that the study needed to include a ten-year Capital Expenditure Plan versus a two-year Capital Expenditure Plan, that the previous rate study utilized.

The effect of the changes were that on the Projected Annual Replacement Cost of Equipment schedule, the total Annual Replacement Costs increased, and on the Capital Improvement Plan schedule, the total of the Annual Capital Improvements decreased.

Due to the Committee's revisions, the overall proposed rate adjustment has gone from about 10.5% to approximately 4.3%. A chart was included from Umbaugh comparing the billings of surrounding Indiana communities. Even with the proposed rate increase of 4.3%, Jasper still has the lowest sewage rates of the surrounding communities.

The Committee discussed repairing trunk lines, which is a new item listed on the Capital Expenditure Plan this year. Hollinden stated that a cleaning crew would be hired to clean any lines over 12 inches. The Wastewater Department does not have equipment to clean trunk lines over 12 inches in size, so it is necessary to use an outside contractor. The crew will clean and jet the lines, and also use a camera to see if any repairs are necessary. The bigger the lines the more cost associated. Hollinden stated that the exact cost will not be known until the lines are cleaned.

Hollinden included \$50,000 for repairing trunk lines in the Capital Expenditure Plan. The Committee discussed if \$50,000 was enough for the trunk line repair, or if they should increase the amount to \$100,000. Due to the unknown costs of the trunk line repairs, the Committee decided to increase the trunk line repair to \$100,000 annually. Hauersperger estimated that this would raise the proposed rate increase slightly.

Chairman Stradtner stated that a rate study is mandated every two years, therefore the trunk line repair item can be adjusted during the next study if necessary. The Committee discussed the additional increase, and agreed that the additional increase will soften the results of the next rate study.

The Committee agreed to recommend the Wastewater rate increase to the Utility Service Board at the next scheduled meeting. Even with the additional increase for the trunk line repair, the City of Jasper would still have the lowest sewage rates of the surrounding communities.

Alex Emmons stated the staff did an excellent job working the rate study and thinking long-term to keep the rates more stable. If every rate study is handled this way, there should be less rate spikes over the years.

At tonight's Board meeting, Bud Hauersperger informed the Board that the projected rate increase of 5.7% is based on a typical residential customer inside the Jasper city limits. This is not an across-the-board rate increase, it is based on the meter size and flow.

Chairman Stradtner thanked the Committee for their time and effort to keep the rates as low as possible.

Roger Seng made a motion to approve Resolution USB 2017-2, recommending the amendment of Wastewater rates to the Common Council. Michael Kern seconded the motion. Motion approved, 6-0.

Attorney Kabrick stated that additional language was cleaned up in the Ordinance that wasn't consistent in the previous Ordinance. Clarifications were made in the existing subsection 11.16.310 under section (3), which relates to users of the sewage works that are unmetered, and also section (7). Chairman Stradtner thanked Attorney Kabrick for all her hard work regarding the rate study and the resolution.

BUSINESS OFFICE- REQUEST APPROVAL TO START HIRING PROCESS FOR BILLING CLERK & FILL ANY SUBSEQUENT POSITION THAT MAY OPEN (DVD-41:44)

Ashley Kiefer asked for the Board's permission to start the hiring process for a Billing Clerk in the Utility Business Office, due to the passing of Lisa Gehlhausen, and to fill any subsequent position that may open. Kiefer stated that the position will be advertised within the Utility Business Office only the first week. The second week the position will be advertised City-wide and externally.

Alex Emmons made a motion to give Kiefer permission to start the hiring process internally and externally for a Billing Clerk and to fill any subsequent position that may open. Keith Masterson seconded the motion. Motion approved, 6-0.

ELECTRIC DEPARTMENT- ELECTRIC COST OF SERVICE STUDY UNDERWAY (DVD-43:16)

Bud Hauersperger informed the Board that Umbaugh had a team of people in the Utility Business Office last week to start gathering information on the Electric cost of service study. A consultant from Chicago will be assisting Umbaugh during this study. Hauersperger stated that information regarding the Electric cost of service study should be ready for the Electric Committee to review in a couple of months.

ELECTRIC GENERATION- REQUEST FROM STREET DEPT ON POWER PLANT COAL BINS (DVD-44:00)

Hauersperger informed the Board that the Street Department currently utilizes the coal bins at the Power Plant to store ice melt solution for the winter season. Hauersperger stated that two bins have been used in the past and there are tarps to cover the ice melt during storage. The Street Department would like to utilize an additional bin for storage but the tarps for the other bins are

torn and not useable. Jeff Theising asked Hauersperger if the Street Department could build a roof over the bins for a more permanent solution to cover the salt melt. Hauersperger stated that an agreement would have to be reached with the Street Department regarding the use of the bins and additional coverage of the bins. Hauersperger will come back to the Board for approval once an agreement is reached with the Street Department.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (DVD-45:54)

Adam Auffart reported that the Finance Committee had met tonight and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Michael Kern made a motion to approve the claims as presented. Roger Seng seconded the motion. Motion approved, 6-0.

WATER DEPARTMENT- RESOLUTION NO. USB 2017-3- ADOPTING INCIDENT AND EMERGENCY ACTION PLAN FOR BEAVER CREEK LAKE DAM (DVD-46:58)

Attorney Kabrick reminded the Board that at the last Utility Service Board meeting an Incident and Emergency Action Plan for Beaver Creek Lake Dam was presented and approved. At that time, Kabrick stated that a resolution would need to be signed to formally adopt the plan. Attorney Kabrick presented Resolution USB 2017-3, adopting the Incident and Emergency Action Plan for Beaver Creek Lake Dam.

Keith Masterson made a motion to approve Resolution USB 2017-3, adopting the Incident and Emergency Action Plan for Beaver Creek Lake Dam. Adam Auffart seconded the motion. Motion approved, 6-0.

WATER DEPARTMENT- RESOLUTION NO. USB 2017-4 – REGARDING A LOAN OF FUNDS BETWEEN THE WATER DEPT & THE ELEC DISTRIBUTION DEPT – BEAVER CREEK LAKE DAM LOAN (DVD-48:12)

Attorney Kabrick presented Resolution USB 2017-4, a resolution of the Utility Service Board regarding a loan of funds between the Water Department and the Electric Distribution Department for the Beaver Creek Lake Dam loan. Kabrick stated that there will be a balance of \$353,303.06, for the Beaver Lake Creek Dam loan, due as a balloon payment on or before May 23, 2017 to the Electric Department from the Water Department.

Kabrick stated that with the creation of Resolution USB 2017-4, a new loan will be created between the two entities, and the balloon payment will be paid off within a five-year period.

Adam Auffart made a motion to approve Resolution USB 2017-4, regarding a loan of funds between the Water Department and the Electric Distribution Department within the Jasper Municipal Utilities. Roger Seng seconded the motion. Motion approved, 6-0.

WATER DEPARTMENT- CUMMINS CROSSPOINT AGREEMENT (DVD-50:37)

Attorney Kabrick reminded the Board that at the last Utility Service Board meeting the Board approved an agreement for the inspection and service on three generator units at the Water plant from Cummins Crosspoint for a not-to-exceed \$3,500. Kabrick stated the quoted amount from Cummins Crosspoint was \$3,549.99, therefore an additional amount of \$49.99 needs to be approved by the Board for the agreement. Kabrick stated that the math was not done correctly at the last meeting.

Kabrick asked for the Board's permission to retroactively approve \$3,549.99 for the agreement with Cummins Crosspoint for inspection and service on three generator units at the Water plant.

Roger Seng made a motion to retroactively approve \$3,549.99 for the agreement with Cummins Crosspoint for the inspection and service on three generator units at the Water plant. Keith Masterson seconded the motion. Motion approved, 6-0.

There being no further business to come before the Board, the meeting was adjourned at 7:52PM upon motion by Alex Emmons and second by Roger Seng. Motion approved, 6-0.

The minutes were hereby approved_____ with ___X___without corrections this 17th day of April, 2017.

Attest: _____
Secretary Chairman